

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NEW ORLEANS, LOUISIANA**

**Basic Financial Statements  
And Independent Auditor's Reports  
As of and for the Year Ended December 31, 2011  
With Supplemental Information Schedules**

**Audit of Financial Statements**

**December 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

**SEP 05 2012**

Release Date \_\_\_\_\_

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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## **INDEPENDENT AUDITOR'S REPORT**

June 28, 2012

**To the Board of Directors  
Louisiana State Board of Medical Examiners  
Department of Health and Hospitals  
State of Louisiana**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Medical Examiners' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners as of December 31, 2011 and the respective changes in financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 on our consideration of the Louisiana State Board of Medical Examiners' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report

is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for postemployment benefits on pages 3 through 7 and 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Louisiana Board of Medical Examiners' basic financial statements as a whole. The accompanying supplementary information, such as the board members per diem and the Division of Administration Reporting packet, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Louisiana State Board of Medical Examiners. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hienz & Macaluso, LLC*  
Metairie, LA

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

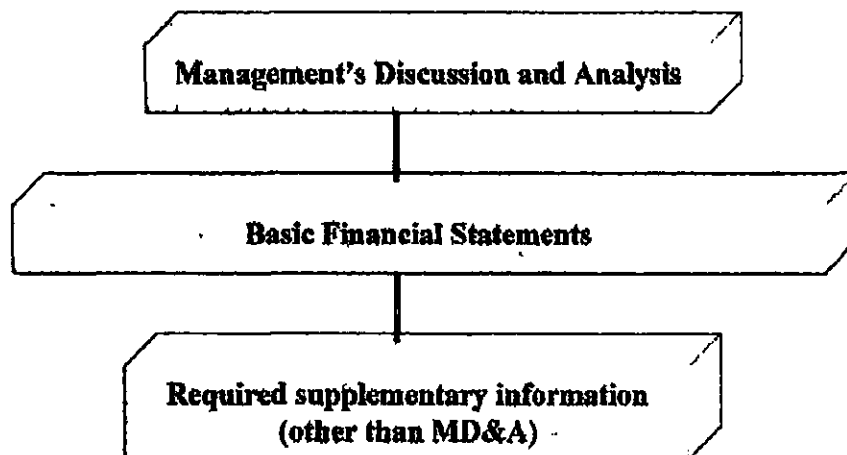
The management's discussion and analysis of the Louisiana State Board of Medical Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Medical Examiners' financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Louisiana State Board of Medical Examiner's financial statements, which begins on page 8.

### **Financial Highlights**

- ★ The Louisiana State Board of Medical Examiners continues to have no debt except for compensated absences for employees in the amount of \$285,733 and other postemployment benefits in the amount of \$2,717,895.
- ★ The Louisiana State Board of Medical Examiners' assets exceeded its liabilities at the close of fiscal year 2011 by \$ 5,636,467, which represents a 3.47% decrease from last fiscal year.
- ★ The Louisiana State Board of Medical Examiners' operating revenue decreased by \$ 142,787 from the previous year – approximately a 2.03% decrease from the prior year.
- ★ Interest income decreased \$ 9,899 from the previous year – a 46.2% decrease over the prior year.
- ★ Capital acquisitions in the amount of \$5,854,536 were made during 2011 for equipment, furniture, computers, and building improvements. Building improvements in the amount of 5,628,165 consists of construction in progress acquired in 2011 and 2010, \$ 4,160,531 and \$ 1,467,634 respectively, which was put in service in 2011.

### **Overview of the basic financial statements**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections – Management’s Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

#### **Basic Financial Statements**

The basic financial statements present information for the Louisiana State Board of Medical Examiners as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana State Board of Medical Examiners is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets presents information showing how the Louisiana State Board of Medical Examiners’ assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana State Board of Medical Examiners’ cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

**Financial Analysis of the Entity**

The following presents condensed financial information on the operations of the Entity:

	(in thousands)	
	Total	
	2011	2010
Current and other assets	\$ 4,862	\$ 9,280
Capital assets	7,110	2,984
Total assets	11,972	12,264
Current and other liabilities	3,428	3,819
Long-term debt outstanding	2,908	2,606
Total liabilities	6,336	6,425
Net assets		
Invested in capital assets, net of debt	7,110	2,984
Restricted	1,192	1,130
Unrestricted	(2,666)	1,725
Total net assets	\$ 5,636	\$ 5,839
Operating Revenues	\$ 6,895	\$ 7,037
Operating Expenses	(7,109)	(7,104)
Operating income (loss)	(214)	(67)
Non-operating revenues (expenses)	11	21
Income (loss) before transfers	(203)	(46)
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	\$ (203)	\$ (46)

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for. Total net assets of Louisiana State Board of

Medical Examiners decreased by \$ 202,759, a difference of 3.47% from December 31, 2010 to December 31, 2011.

Operating revenues decreased during 2011 in the amount of \$ 142,787 due to a decrease in clinical lab renewal fees, physician penalties, and fines. Total expenditures of the Board decreased by \$ 4,178 from 2011; this decrease was due mainly to decreases in personnel services, contractual services, and operating services and offset by increases in professional services and depreciation.

#### *Capital Assets and Long Term Debt Administration*

##### *Capital Assets*

As of December 31, 2011, the Louisiana State Board of Medical Examiners had \$7,110,466 invested in a broad range of capital assets, including buildings, building improvements, equipment, and an automobile. During the current year, the organization recorded \$ 5,854,536 of capital acquisitions, comprised of \$ 209,240 for computers, furniture and equipment; \$17,131 for a vehicle and \$ 5,628,165 for construction in progress.

##### *Long-Term Debt*

The Louisiana State Board of Medical Examiners did not have any bonds or notes outstanding at December 31, 2011.

The Louisiana State Board of Medical Examiners had no claims and judgments outstanding at December 31, 2011 and 2010. Other Obligations include accrued compensated absences in the amount of \$ 285,733 and other postemployment benefits in the amount of \$ 2,717,895.

##### *Variations between Original and Final Budgets*

The Board is required to submit an annual budget to the Joint Legislative Committee on the Budget as required by the Louisiana Licensing Agency Budget Act. Total revenues for 2011 were approximately \$ 225,202 less than budgeted for 2011, due to over-budgeting licensing/other fees. Expenditures were over-budgeted by approximately \$ 255,781 for 2011, due mostly to operating services and personnel services which were over-budgeted by \$ 336,046 and \$ 66,165, respectively, while contractual/professional services was under-budgeted by \$ 138,306. The Board submitted a year-end budget adjustment as required by the Louisiana Licensing Agency Budget Act.

##### *Economic Factors and Next Year's Budgets and Rates*

The Board continues to make significant investments in enhancing its information and communication systems to provide for improved (1) back up capabilities and disaster recover capabilities (2) online services for licensees (3) connectivity with national data bases (4) access to information of interest by the public (5) network security (6) information systems capacity and (7) cost of operations. The online services include enhancement to the website, online renewals



and Board Orientation Program portal, development of online initial applications and continuing professional educational programming. The communication systems include improvements to the call center and telephone system based on VOIP technology.

In addition the Board continues to expand its investigation/compliance efforts with additional staff dedicated to this activity. Looking ahead we anticipate additional legal expenses associated with this enforcement activity and with a number of rule making efforts that are underway and expected to continue.

Finally, recognizing the need to address long standing maintenance issues with the property, comprehensive renovation to the property which was completed in August 2011 at which time the Board moved back to the 630 Camp Street location. Significant additional costs were incurred due to unanticipated problems with the electrical and HVAC systems which we were required to replace in their entirety and with extending the elevator due to underground conditions. Longer term, savings are anticipated in maintenance and utilities due to all new / state of the art mechanical systems. Also additional expenses were incurred to upgrade the floors from tile/ carpet to terrazzo in common areas, replace rather than repair windows and to point and water proof the building all of which will result in long term savings as well.

The Louisiana State Board of Medical Examiner's appointed officials considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

Expected revenue

Staff and salaries

Legal and other professional services including contracted services

Operating Expenses

#### **Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Medical Examiners' finances and to show the Louisiana State Board of Medical Examiners accountability for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Robert Marier, M.D.  
Executive Director  
P.O. Box 30250  
New Orleans, LA 30250

[www.lsbme.la.gov](http://www.lsbme.la.gov)

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

**ASSETS:**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 2,484,193
Receivables (net of allowance for doubtful accounts)	635,001
Restricted assets - current	
Cash and cash equivalents	1,662,735
Receivables (net of allowance)	12,435
Prepaid expense	55,913
Total current assets	<u>4,850,277</u>

**NONCURRENT ASSETS:**

Property and equipment (net of depreciation)	7,110,466
Other assets	12,146
Total Noncurrent Assets	<u>7,122,612</u>
Total Assets	<u>\$ 11,972,889</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

**LIABILITIES:**

**CURRENT LIABILITIES:**

Accounts payable and accruals	\$ 537,884
Compensated absences payable	95,496
Deferred revenues	<u>2,794,910</u>
Total Current Liabilities	<u>3,428,290</u>

**NONCURRENT LIABILITIES:**

Compensated absences payable	190,237
Other postemployment benefits payable	<u>2,717,895</u>
Total Noncurrent Liabilities	<u>2,908,132</u>
 Total Liabilities	 <u>6,336,422</u>

**NET ASSETS**

Invested in capital assets, Net of related debt	7,110,466
Restricted for:	
Capital projects	-
Debt service	-
Other purposes	1,191,632
Unrestricted	<u>(2,665,631)</u>
Total Net Assets	<u>\$ 5,636,467</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**OPERATING REVENUES:**

Licenses, permits and fees	\$ 6,843,136
Other	51,551
Total operating revenues	<u>6,894,687</u>

**OPERATING EXPENSES:**

Personnel services	3,920,906
Contractual services	535,877
Travel	92,634
Operating services	863,791
Supplies	32,785
Professional services	1,402,079
Depreciation	260,901
Total Operating Expenses	<u>7,108,973</u>
Operating income (loss)	<u>(214,286)</u>

**NON-OPERATING REVENUES (EXPENSES):**

Interest revenue	<u>11,527</u>
Total Non-operating Revenue (Expenses)	<u>11,527</u>
Increase (Decrease) in Net Assets	(202,759)
Total Net Assets - beginning	<u>5,839,226</u>
Total Net Assets - ending	<u>\$ 5,636,467</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers	\$ 7,003,594
Cash payments to suppliers for goods and services	(3,312,809)
Cash payments to employees for services	<u>(3,613,941)</u>
Net cash provided (used) by operating activities	<u>76,844</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Operating transfers in - from other funds	-
Operating transfers out - to other funds	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>-</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition/construction of capital assets	<u>(4,386,902)</u>
Net cash provided (used) by capital and Related financing activities	<u>(4,386,902)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest reinvested in tower account	<u>11,527</u>
Net cash provided (used) by investing activities	<u>11,527</u>

Net increase (decrease) in cash and cash equivalents	(4,298,531)
Cash and cash equivalents at beginning of year	<u>8,445,459</u>
Cash and cash equivalents at end of year	<u>\$ 4,146,928</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Reconciliation of operating income (loss) to net**

**Cash provided (used) by operating activities:**

Operating income (loss) \$ (214,286)

Depreciation \$ 260,901

Charges to bad debt expense

**Changes in assets and liabilities:**

(Increase)/Decrease in accounts receivable 139,839

(Increase)/Decrease in prepaid expense (50,546)

(Increase)/Decrease in other assets 29,549

Increase/(Decrease) in accounts payable and accruals (356,563)

Increase/(Decrease) in compensated absences 9,328

Increase/(Decrease) in other postemployment benefits 289,553

Increase/(Decrease) in deferred revenues (30,931)

Increase/(Decrease) in other liabilities -

**Total adjustments 291,130**

**Net cash provided (used) by operating activities \$ 76,844**

**Schedule of noncash investing, capital,  
and financing activities:**

Interest on tower accounts re-invested \$ 11,527

**Total noncash investing, capital,  
and financing activities \$ 11,527**

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**INTRODUCTION:**

The Louisiana State Board of Medical Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1261-1292.

The board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise Physiologists, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same: (a) Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority is based on a birth month schedule. (b) Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates procedural rules implementing its licensing/certification authority and substantive rules regulating practice. (c) Enforcement. The Board investigates consumer, patient and licensee complaints and alleged or indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorneys fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings. (d) Advisory Rulings. The Board serves and informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction. (e) Other Activities. The Board participates in a Physicians health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing timely treatment and rehabilitation for the protection of the public.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**INTRODUCTION – continued:**

The Board is composed of seven members. Until January 1, 2000 the seven members were appointed by the governor from lists of names submitted by the Louisiana State Medical Society and the Louisiana Medical Association. Effective January 1, 2000 the board will consist of seven voting members appointed by the governor and subject to Senate confirmation as follows:

- a. Four members from lists of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand.
- b. Two members from lists submitted by the Louisiana Medical Association.
- c. One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

All voting members of the board shall be graduate physicians or surgeons and practitioners. Four of the members appointed for terms beginning January 1, 2000, shall be appointed the initial terms of four years and three of the members shall be appointed to initial terms of two years.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. The board applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This new standard was implemented by the Board in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.



**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

**Reporting Entity**

GASB Codification Section 2100 established criteria for determining governmental reporting entity and has defined the governmental reporting entity for the board to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana State Board of Medical Examiners, and therefore, are a part of the fund and account group structure of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

**Fund Accounting**

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resource measurement focus.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable. Any revenues and expenses recorded between funds (“internal fund” activity) have been eliminated in these financial statements. Operating revenues consist of all revenues except investment income.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

**Budget Practices**

Budgets are prepared and adopted by the Board annually. The Board adopts a budget annually for the various components. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342 in accordance with R.S. 36:803.

All funds budgeted are immediately available, as the Board’s operations are financed with self-generated revenue. Therefore, the budget is known as a non-appropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures. The budget is prepared on the GAAP basis, using the modified accrual basis of accounting. The Board monitors the budget and makes changes when deemed appropriate.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

**Cash and Investments**

Cash includes petty cash and demand deposits. Under state law, the Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other State in the Union, or the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Receivables/Inventory**

Receivables consist of all revenues earned at year-end and not yet received. Allowance for uncollectible accounts receivable include all receivables greater than ninety days old.

The Board maintains an inventory of office supplies. These items are expensed as purchased.

**Capital Assets**

Property and equipment are recorded at cost, if purchases or constructed. Assets acquired through contributions are capitalized at their estimated fair value or cost to construct at the date of the construction. Equipment includes all items valued above \$1,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Computer Equipment	3-5 years
Automobiles and equipment	5 years
Furniture and Fixtures	10 years
Building and Improvements	40 years

**Restricted Assets**

Restricted assets, as presented in the financial statements, represented items that are dedicated for the use of various components of the Board.

**Compensated Absences**

Employees earn accumulated annual and sick leave at various rates, depending on their years of service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave is

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

**Long-Term Obligations**

Long-term obligations are reported at face value.

**Post-employment Health Care and Life Insurance Benefits**

The Board provides certain continuing health care and life insurance benefits for its retired employees. The Board recognizes the cost of providing these retirees benefits as an expense when incurred during the year.

**Deferred Compensation Plan**

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan is administered by the Board. The plan, available to all full-time employees of the Board, permits them to defer a portion of their salary until future years. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by the insurance company for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to 100% of their salary, but total contributions may not exceed \$16,500 annually. All contributions are immediately vested.

**Net Assets**

Net assets are comprised of the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

**Invested in capital assets, net of related debt** – Consists of all capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted** – Consists of external constraints placed on net assets used by creditors, grantors, contributors, or laws or regulations of the government or constraints imposed by law through constitutional provisions or enabling legislation.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

**Unrestricted net assets** – Consists of all other assets that are not included in the other categories previously mentioned.

**NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS:**

**Cash and certificates of deposit**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposits of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and in share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

The carrying amount of the Board's deposits with financial institutions is as follows as of December 31, 2011:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 2:     DEPOSITS WITH FINANCIAL INSTITUTIONS – continued:**

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One Bank–non-interest bearing CME		<u>\$ 373,019</u>
2. Capital One Bank–non-interest bearing PHP		<u>\$ 415,576</u>
3. Capital One Bank–non-interest bearing CLAB		<u>\$ 246,961</u>
4. Capital One Bank–interest bearing CLAB - TOWER		<u>\$ 366,625</u>
5. PayPal–non-interest bearing CLAB		<u>\$ 260,529</u>
6. PayPal–non-interest bearing GENERAL		<u>\$ 9,594</u>
7. Capital One Bank–non-interest bearing GENERAL		<u>\$ 315,031</u>
8. Capital One Bank–non-interest bearing GENERAL – PAYROLL		<u>\$ 68,845</u>
9. Capital One Bank–interest bearing GENERAL – TOWER		<u>\$2,090,407</u>

All deposits listed above are federally insured or secured with collateral as required by state law. Actual bank balances at Capital One Bank as of December 31, 2011 amounted to \$ 4,232,462. None are required to be reported in any one of the three categories listed above.

The following amounts represent a reconciliation of the deposits listed above and the total cash reported in the Statement of Net Assets as of December 31, 2011:

Total carrying amount of deposits in financial institutions	\$ 4,146,587
Petty cash	<u>341</u>
Cash and cash equivalents	<u>\$ 4,146,928</u>

**NOTE 3:     ACCOUNTS RECEIVABLE:**

At December 31, 2011, the Board had net receivable balances, totaling \$ 647,436.

<u>Class of Receivable</u>	<u>General</u>	<u>Restricted</u>	<u>Total</u>
License fees and other assessments	\$ 785,346	\$ 12,435	\$ 797,781
Allowance for doubtful accounts	<u>(150,345)</u>	<u>-</u>	<u>(150,345)</u>
	<u>\$ 635,001</u>	<u>\$ 12,435</u>	<u>\$ 647,436</u>

During 2011 the Board charged \$ 0 to bad debt expense.

**NOTE 4:     DUE FROM/TO AND TRANSFERS:**

At December 31, 2011, for purpose of these financial statements the due from/to and transfer accounts have been eliminated.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 5:     RETIREMENT SYSTEM:**

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of the state employees, which is administered and controlled by a separate board of trustees.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804 or by calling (225) 922-0600.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 percent of their highest consecutive 36 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or age 60 with 10 years of service. The system also provides death and disability benefits. Covered employees were required to contribute 7.5% (8% for members hired on or after July 1, 2006) of gross salary to the plan. For 2009 the Board's contribution percentage was 18.5% between January 1, 2009 and June 30, 2009 and 18.6% between July 1, 2009 and December 31, 2009. For 2010 the Board's contribution percentage was 18.6% between January 1, 2010 and June 30, 2010 and 22% between July 1, 2010 and December 31, 2011. For 2011 the Board's contribution percentage was 22% between January 1, 2011 and June 30, 2011 and 25.6% between July 1, 2011 and December 31, 2011.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2011, 2010, and 2009 were \$ 520,455, \$ 444,309, and \$ 387,887, respectively.

**NOTE 6:     CAPITAL ASSETS:**

The Board follows the Louisiana Division of Administration's guidelines on capitalization of fixed assets. Depreciation has been provided on general fixed assets using the straight-line method. All fixed assets are valued at historical cost or estimated historical cost.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 6: CAPITAL ASSETS – continued:**

A summary of changes in property and equipment follows:

<b>Fiscal Year Ending December 31, 2011</b>	<b>Beginning Balance 1/1/2011</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance 12/31/011</b>
<b>Assets not being depreciated:</b>	<b>\$ 100,000</b>	<b>-</b>	<b>-</b>	<b>\$ 100,000</b>
Land	100,000	-	-	100,000
<b>Total not being depreciated</b>				
<b>Assets being depreciated:</b>				
Building	882,679	-	-	882,679
Building Improvements	902,100	5,628,165	-	6,530,265
Construction in Progress	1,467,634	-	1,467,634	-
Equipment	1,106,422	209,240	-	1,315,662
Auto	19,995	17,131	19,995	17,131
<b>Total assets being depreciated</b>	<b>4,378,830</b>	<b>5,854,536</b>	<b>1,487,629</b>	<b>8,745,737</b>
<b>Total assets</b>	<b>\$ 4,478,830</b>	<b>\$ 5,854,536</b>	<b>\$ 1,487,629</b>	<b>\$ 8,845,737</b>

<b>Fiscal Year Ending December 31, 2011</b>	<b>Beginning Balance 1/1/2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance 12/31/2010</b>
Building	\$ 331,005	\$ 22,067	-	\$ 353,072
Building Improvements	259,321	92,904	-	352,225
Land	-	-	-	-
Equipment	884,044	144,217	-	1,028,261
Auto	19,995	1,713	19,995	1,713
<b>Total</b>	<b>1,494,365</b>	<b>260,901</b>	<b>19,995</b>	<b>1,735,271</b>
<b>NET BOOK VALUE</b>	<b>\$ 2,984,465</b>			<b>\$ 7,110,466</b>

Depreciation expense for the year ended December 31, 2011 was \$ 260,901.



**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 7: ACCOUNTS PAYABLE AND ACCRUALS:**

At December 31, 2011, the Board had payables totaling \$ 537,884 as follows:

<u>CLASS OF PAYABLES</u>	<u>GENERAL</u>	<u>CLAB</u>	<u>PHP</u>	<u>TOTAL</u>
Accounts Payable	\$ 268,432	\$ 176	\$ 122,475	\$ 391,083
Wages Payable	59,728	-	-	59,728
Taxes & Accruals Payable	87,073	-	-	87,073
Total Payables	<u>\$ 415,233</u>	<u>\$ 176</u>	<u>\$ 122,475</u>	<u>\$ 537,884</u>

**NOTE 8: LEASES:**

As described in Note 15, the Board entered into a lease in the spring of 2010 for office space in New Orleans, Louisiana. This lease was effective as of March 1, 2010 and extended through August 31, 2011, with an option to renew for six one-month terms. The Board's monthly lease payments are \$ 30,239. The Board did not opt to renew the terms of the lease. Rent expense for 2011 totaled \$ 211,670.

**NOTE 9: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:**

***Plan description***

Louisiana State employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2012) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap).

***Funding Policy***

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)**

***Annual OPEB Cost***

The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period was used. For 2011, the Board's annual other postemployment benefit (OPEB) cost of 337,243 consisted of the following: (ARC \$332,900 plus interest of \$ 97,134 less ARC adjustment of \$ 92,791). The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2011, 2010, and 2009 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2009	\$ 584,606	6.87%	\$ 2,001,606
12/31/2010	\$ 467,678	8.58%	\$ 2,428,342
12/31/2011	\$ 337,243	14.14%	\$ 2,717,895

***Funded Status and Funding Progress***

The funded status of the plan as of July 1, 2011, was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 3,904,700
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	3,904,700
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 1,565,800
UAAL as a percentage of covered payroll	249.37%

***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)**

whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 7% and 8.1% for pre-Medicare and Medicare eligible's, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2011, was twenty-five years.

**NOTE 10: COMPENSATED ABSENCES**

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulated unlimited amounts of annual leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. This amount is recorded as a liability in the financial statements and represents the amount unpaid at December 31, 2011 of \$ 285,733. See Note 11.

**NOTE 11: LONG-TERM OBLIGATIONS:**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2011.

	<u>OPEB Liability</u>	<u>Compensated Absences</u>
Balance at January 1, 2011	\$ 2,428,342	\$ 276,405
Additions	337,243	9,328
Deductions	<u>47,690</u>	<u>-</u>
Balance at December 31, 2011	2,717,895	285,733
Less current portion	<u>-</u>	<u>95,496</u>
Noncurrent portion	<u>\$ 2,717,895</u>	<u>\$ 190,237</u>

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 12: RISK MANAGEMENT:**

The Board is exposed to various risks of loss related to general liability, automotive liability, and property insurance contracts and has purchased commercial insurance to provide coverage.

**NOTE 13: NET ASSETS:**

Net assets represent the difference between assets and liabilities.

The composition of net assets was as follows:

Investment in Capital Assets, Net of Related Debt	\$ 7,110,466
Restricted	1,191,632
Unrestricted	<u>(2,665,631)</u>
Total Net Assets	<u>\$ 5,636,467</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The composition of the restricted net assets is Clinical Lab - \$ 456,476, Continuing Medical Education - \$ 348,404, and Physicians Health Program - \$ 386,752.

**NOTE 14: DATE OF MANAGEMENT REVIEW**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2012.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2011**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 6,470,500	\$ 6,470,500	0.00%	1,698,000	381.07%
7/1/2010	\$ -	\$ 5,266,500	\$ 5,266,500	0.00%	1,741,400	302.43%
7/1/2011	\$ -	\$ 3,904,700	\$ 3,904,700	0.00%	1,565,800	249.37%

**SUPPLEMENTARY INFORMATION**

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION – SCHEDULE 1  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**SCHEDULE OF PER DIEM PAID BOARD MEMBERS**

<u>NAME</u>	<u>AMOUNT</u>
Dr. Melvin G. Bourgeois	\$ 2,300
Dr. Kweli J. Amusa	9,100
Dr. Robert Dawson	500
Dr. Mark H. Dawson	5,900
Dr. Cynthia Montgomery	5,400
Dr. Kim Leblanc	10,600
	<hr/>
TOTAL	<u><u>\$ 33,800</u></u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$100 for each day while engaged in Board meetings and official Board business, as authorized by Louisiana Revised Statute 37:1268.

**REPORTING PACKET – DIVISION OF ADMINISTRATION, OFFICE OF  
STATEWIDE REPORTING AND ACCOUNTING POLICY**

**ANNUAL FINANCIAL REPORT**

*As a component unit of the State of Louisiana, the financial statements of the Louisiana Board of Medical Examiners are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration as listed in the table of Contents – Supplementary Information Schedule*

*II*



**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
Annual Financial Statements  
December 31, 2011**

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**See the Appendix Packet on our Website (OSRAP Memo 11-36)**

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended December 31, 2011

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
630 CAMP STREET  
NEW ORLEANS, LA 70130

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

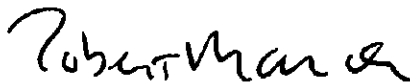
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Physical Address:  
1201 N. Third Street  
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Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dr. Robert Marier, the Executive Director of the Louisiana State Board of Medical Examiners who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Medical Examiners at December 31, 2011 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 9<sup>th</sup> day of July, 2012.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: HIENZ & MACALUSO, LLC

Title: INDEPENDENT CPA'S

Telephone No.: 504-837-5434

Date: June 28, 2012

THANIA S. ELLIOTT  
LA BAR # 20799

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
BALANCE SHEET  
AS OF DECEMBER 31, 2011**

**Statement A**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 2,484,193
Restricted Cash and Cash Equivalents	1,662,735
Investments	
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	635,001
Restricted Receivables (net of allowance for doubtful accounts)(Note U)	12,435
Due from federal government	
Inventories	
Prepayments	55,913
Notes receivable	
Other current assets	
Total current assets	4,850,277

**NONCURRENT ASSETS**

Restricted assets (Note F)	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	100,000
Buildings and improvements	6,707,647
Machinery and equipment	302,819
Infrastructure	
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	12,146
Total noncurrent assets	7,122,612
Total assets	\$ 11,972,889

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accruals (Note V)	\$ 537,884
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	2,794,910
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities (Note K)	
Contracts payable	
Compensated absences payable	95,496
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	3,428,290

**NONCURRENT LIABILITIES (Note K)**

Contracts payable	
Compensated absences payable	190,237
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	2,717,895
Other long-term liabilities	
Total noncurrent liabilities	2,908,132
Total liabilities	6,336,422

**NET ASSETS**

Invested in capital assets, net of related debt	7,110,466
Restricted for:	
Capital projects	
Debt Service	
Unemployment compensation	
Other specific purposes	1,191,632
Unrestricted	(2,665,631)
Total net assets	5,636,467

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Statement B**

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	6,843,136
Other	51,551
Total operating revenues	6,894,687
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	6,848,072
Depreciation	260,901
Amortization	_____
Total operating expenses	7,108,973
Operating income(loss)	(214,286)
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	_____
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	11,527
Other expense	_____
Total non-operating revenues(expenses)	11,527
Income(loss) before contributions, extraordinary items, & transfers	(202,759)
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	(202,759)
Total net assets - beginning	5,839,226
Total net assets - ending	\$ 5,636,467

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Statement C**

		Program Revenues		
		Operating	Capital	Net (Expense)
	Expenses	Charges for	Grants and	Revenue and
		Services	Contributions	Changes in
				Net Assets
Entity	\$ <u>7,108,973</u>	\$ <u>6,894,687</u>	\$ <u>          </u>	\$ <u>(214,286)</u>
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				<u>11,527</u>
Miscellaneous				
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				<u>11,527</u>
Change in net assets				<u>(202,759)</u>
Net assets - beginning				<u>5,839,226</u>
Net assets - ending				\$ <u><u>5,636,467</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Statement D  
(continued)**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 7,003,594	
Cash payments to suppliers for goods and services	(3,312,809)	
Cash payments to employees for services	(3,613,941)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>76,844</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(4,386,902)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(4,386,902)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from maturities of certificate of deposit		
Interest and dividends earned on investment securities	11,527	
Net cash provided(used) by investing activities		<u>11,527</u>
<b>Net increase(decrease) in cash and cash equivalents</b>		<u>(4,298,531)</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>8,445,459</u>
<b>Cash and cash equivalents at end of year</b>		<u>\$ 4,146,928</u>

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Statement D  
(concluded)**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$ <u>(214,286)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	<u>260,901</u>	
Provision for uncollectible accounts	<u></u>	
Other	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>139,839</u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u>(50,546)</u>	
(Increase)decrease in accrued interest	<u></u>	
(Increase)decrease in other assets	<u>29,549</u>	
Increase(decrease) in accounts payable and accruals	<u>(356,563)</u>	
Increase(decrease) in compensated absences payable	<u>9,328</u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u>(30,931)</u>	
Increase(decrease) in OPEB payable	<u>289,553</u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u>76,844</u>

Borrowing under capital lease(s)	\$ <u></u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
	<u></u>
	<u></u>
	<u></u>
<b>Total noncash investing, capital, and financing activities:</b>	\$ <u>11,527</u>

The accompanying notes are an integral part of this statement.



**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
Notes to the Financial Statement  
As of and for the year ended December 31, 2011**

**INTRODUCTION**

The Louisiana State Board of Medical Examiners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1261-1292. The following is a brief description of the operations of Louisiana State Board of Medical Examiners and includes the parish/parishes in which the Louisiana State Board of Medical Examiners is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2011**

**B. BUDGETARY ACCOUNTING**

Budgets are prepared and adopted by the Board annually. The Board adopts a budget annually for the various components. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342 in accordance with R.S. 36:803.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenue. Therefore, the budget is known as a non-appropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures. The budget is prepared on the GAAP basis, using the modified accrual basis of accounting. The Board monitors the budget and makes changes when deemed appropriate.

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Memo 11-36, Appendix A, for information related to Note C.

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana State Board of Medical Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Medical Examiners may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2011**

**GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.**

**The deposits at December 31, 2011 consisted of the following:**

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 4,146,587	\$	\$	\$ 4,146,587
Deposits in bank accounts per bank	\$ 4,232,462	\$	\$	\$ 4,232,462
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name				

**NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.**

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2011**

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One Bank-non-interest bearing CME		\$ 373,019
2. Capital One Bank-non-interest bearing PHP		\$ 415,576
3. Capital One Bank-non-interest bearing CLAB		\$ 246,961
4. Capital One Bank-interest bearing CLAB - TOWER		\$ 366,625
5. PayPal-non-interest bearing CLAB		\$ 260,529
6. PayPal-non-interest bearing GENERAL		\$ 9,594
7. Capital One Bank-non-interest bearing GENERAL		\$ 315,031
8. Capital One Bank-non-interest bearing GENERAL - PAYROLL		\$ 68,845
9. Capital One Bank-interest bearing GENERAL - TOWER		\$2,090,407
8. Capital One Bank-interest bearing CLAB - TOWER		\$ 365,709

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ 0
Petty cash	\$ 341

2. INVESTMENTS - NOT APPLICABLE
  3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES - NOT APPLICABLE
  4. DERIVATIVES (GASB 53) - NOT APPLICABLE
  5. POLICIES - NOT APPLICABLE
  6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS - NOT APPLICABLE
- D. CAPITAL ASSETS - INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2011**

Schedule of Capital Assets (includes capital leases)

<u>University/System</u>	Balance 12/31/2010	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	Reclassifi- cation of CIP	** Retirements	Balance 12/31/2011
Capital assets not depreciated	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Land							
Non-depreciable land improvements							
Non-depreciable easements							
Capitalized collections							
Software - development in progress							
Construction in progress	1,467,634		1,467,634			(1,467,634)	-
Total capital assets not depreciated	\$ 1,567,634	\$ -	\$ 1,567,634	\$ -	\$ -	\$ (1,467,634)	\$ 100,000
Other capital assets:							
Depreciable land improvements							
** Accumulated depreciation							
Total infrastructure							
Buildings	1,784,779		1,784,779	5,628,165			7,412,944
** Accumulated depreciation	(590,326)		(590,326)	(114,971)			(705,297)
Total land improvements	1,194,453		1,194,453	5,513,194			6,707,647
Machinery & Equipment	1,126,417		1,126,417	226,371		(19,993)	1,332,793
** Accumulated depreciation	(904,039)		(904,039)	(145,930)		19,993	(1,029,974)
Total buildings	222,378		222,378	80,441		-	302,819
Infrastructure							
** Accumulated depreciation							
Total equipment							
Software (internally generated & purchased)							
Other intangibles							
** Accumulated amortization - software							
** Accumulated amortization - other intangibles							
Total intangibles							
Total other capital assets	\$ 1,416,831	\$ -	\$ 1,416,831	\$ 5,593,635	\$ -	\$ -	\$ 7,010,466
Capital asset summary:							
Capital assets not depreciated	\$ 1,567,634	\$ -	\$ 1,567,634	\$ -	\$ -	\$ (1,467,634)	\$ 100,000
Other capital assets, book value	2,911,196		2,911,196	5,854,536		(19,993)	8,745,737
Total cost of capital assets	4,478,830		4,478,830	5,854,536		(1,487,629)	8,845,737
Accumulated depreciation/amortization	(1,494,365)		(1,494,365)	(260,901)		19,993	(1,735,271)
Capital assets, net	\$ 2,984,465	\$ -	\$ 2,984,465	\$ 5,593,635	\$ -	\$ (1,467,634)	\$ 7,110,466

\* Should only be used for those completed projects coming out of construction-in-progress to fixed assets.

\*\* Enter a negative number except for accumulated depreciation in the retirement column

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS**

Restricted assets in the Louisiana State Board of Medical Examiners at December 31, 2011, reflected at \$1,675,170 in the current assets section on Statement A, consist of \$1,662,735 in cash, \$12,435 in receivables. State the purpose of the restrictions: Restricted assets represent those assets that are not available for spending as a result of legislative requirements.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana State Board of Medical Examiners has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

**2. COMPENSATORY LEAVE – NOT APPLICABLE**

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Louisiana State Board of Medical Examiners are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Louisiana State Board of Medical Examiners employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the

option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://lasers.websitegadget.com/uploads/LASERS\\_2010\\_CAFR.pdf](http://lasers.websitegadget.com/uploads/LASERS_2010_CAFR.pdf)

Members are required by state statute to contribute with the single largest group (“regular members”) contributing 7.5% of gross salary, and the Louisiana State Board of Medical Examiners is required to contribute at an actuarially determined rate as required by R.S. 11:102. For 2009 the Board’s contribution percentage was 18.5% between January 1, 2009 and June 30, 2009 and 18.6% between July 1, 2009 and December 31, 2009. For 2010 the Board’s contribution percentage was 18.6% between January 1, 2010 and June 30, 2010 and 22% between July 1, 2010 and December 31, 2010. For 2011 the Board’s contribution percentage was 22% between January 1, 2011 and June 30, 2011 and 25.6% between July 1, 2011 and December 31, 2011.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2011, 2010, and 2009 were \$520,455, \$ 444,309, and \$ 387,887, respectively.

## **I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

### **1. Calculation of Net OPEB Obligation**

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP’s website - <http://www.doa.louisiana.gov/OSRAP/afppackets.htm>) and select “GASB 45 OPEB Valuation Report as of July 1, 2010, to be used for fiscal year ending June 30, 2011.” Report note disclosures for other plans, not administrated by OGB, separately.

Fiscal year ending	12/31/2011
1. * ARC	332,900
2. * Interest on NOO (4%)	97,134
3. * ARC adjustment	92,791
4. * Annual OPEB Expense (1. + 2. - 3.)	337,243
5. Contributions (employer pmts. to OGB for retirees' cost of 2011 insurance premiums)	47,690
6. Increase in Net OPEB Obligation (4. - 5.)	289,553
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	2,428,342
8. **NOO, end of year (6. + 7.)	2,717,895

\*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012."

\*\*This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2012 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see OSRAP Memo 11-36, Appendix D, on our website.

## 2. Note Disclosures – NOT APPLICABLE

If your only OPEB provider is OGB, your entity will have no OPEB note disclosures for OSRAP other than the OPEB calculation above; however, GASB 45 note disclosures are required for separately issued GAAP financial statements. Please provide OSRAP with the applicable GASB 43 and 45 note disclosures if your entity's OPEB group insurance plan is administered by an entity other than OGB. Following is a summary of the requirements of GASB Statement 45.

## J. LEASES

**NOTE:** Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

### 1. OPERATING LEASES

The total payments for operating leases during fiscal year 2012 amounted to \$211,670. (Note: If lease payments extend past FY 2026, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

Nature of lease	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017-2021	FY 2022-2026
Office Space	\$ 211,670	\$	\$	\$	\$	\$	\$
Equipment							
Land							
Other							
Total	\$ 211,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

### 2. CAPITAL LEASES – NOT APPLICABLE

## K. LONG-TERM LIABILITIES



The following is a summary of long-term debt transactions of the entity for the year ended December 31, 2011

	Year ended December 31, 2011			Balance December 31, 2011	Amounts due within one year
	Balance December 31, 2010	Additions	Reductions		
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
<b>Other liabilities:</b>					
Contracts payable				-	
Compensated absences payable	276,405	9,328		285,733	95,496
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	2,428,342	337,243	47,690	2,717,895	
Other long-term liabilities				-	
Total other liabilities	2,704,747	346,571	47,690	3,003,628	95,496
<b>Total long-term liabilities</b>	<b>\$ 2,704,747</b>	<b>\$ 346,571</b>	<b>\$ 47,690</b>	<b>\$ 3,003,628</b>	<b>\$ 95,496</b>

(Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the Balance Sheet for each type of long-term liabilities.

**L. CONTINGENT LIABILITIES – NOT APPLICABLE**

**M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE**

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

**P. DEFEASED ISSUES – NOT APPLICABLE**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE**

**T. SHORT-TERM DEBT – NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at December 31, 2011, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
License fees and other assessments	\$ 797,781	\$	\$	\$	\$ 797,781
					-
Gross receivables	\$ 797,781	\$ -	\$ -	\$ -	\$ 797,781
Less allowance for uncollectible accounts	(150,345)				(150,345)
Receivables, net	\$ 647,436	\$ -	\$ -	\$ -	\$ 647,436
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

## V. DISAGGREGATION OF PAYABLE BALANCES

Payables at December 31, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 268,432	\$ 59,728	\$	\$ 87,073	\$ 415,233
CLAB	176				176
PHP	122,475				122,475
Total payables	\$ 391,083	\$ 59,728	\$ -	\$ 87,073	\$ 537,884

## W. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2012.

## X. SEGMENT INFORMATION – NOT APPLICABLE

## Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

## Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Louisiana State Board of Medical Examiners at December 31, 2011, reflected at \$122,651 in the liabilities section on Statement A, consist of \$176 in accounts payable due from the CLAB fund and \$122,475 due from the PHP fund.

## AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

## BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE

## CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES –

**NOT APPLICABLE**

**DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**

**EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) - NOT APPLICABLE**

**STATE OF LOUISIANA**  
**Louisiana State Board of Medical Examiners**  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**December 31, 2011**  
**(Fiscal close)**

Name		Amount
Dr Melvin G. Bourgeois	\$ \$	2,300
Dr. Kweli J. Amusa	\$	9,100
Dr. Robert Dawson	\$	500
Dr Mark H Dawson	\$	5,900
Dr Cynthia Montgomery	\$	5,400
Dr. Kim Leblanc	\$	10,600
Total	\$	33,800

**Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.**

**STATE OF LOUISIANA**  
**Louisiana State Board of Medical Examiners**  
**SCHEDULE OF NOTES PAYABLE**  
**December 31, 2011**

**NOT APPLICABLE**

<b>Issue</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Principal Outstanding 6/30/PY</b>	<b>Redeemed (Issued)</b>	<b>Principal Outstanding 6/30/CY</b>	<b>Interest Rates</b>	<b>Interest Outstanding 6/30/CY</b>
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

**\*Send copies of new amortization schedules**

**STATE OF LOUISIANA**  
**Louisiana State Board of Medical Examiners**  
**SCHEDULE OF BONDS PAYABLE**  
**December 31, 2011**

**NOT APPLICABLE**

<b>Issue</b>	<b>Date of Issue</b>	<b>Original Issue</b>	<b>Principal Outstanding 6/30/PY</b>	<b>Redeemed (Issued)</b>	<b>Principal Outstanding 6/30/CY</b>	<b>Interest Rates</b>	<b>Interest Outstanding 6/30/CY</b>
<b>Series:</b>							
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Unamortized Discounts and Premiums Series:</b>							
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

**\*Note: Principal outstanding (bond series/minus unamortized costs) at 6/30/11 should agree to bonds payable on the Statement of Net Assets.**  
**Send copies of new amortization schedules for bonds and unamortized costs.**

**STATE OF LOUISIANA**  
**Louisiana State Board of Medical Examiners**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended December 31, 2011**

**NOT APPLICABLE**

Ending:	Payment	Interest	Principal	Balance
2012	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>    --    </u>
2013	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
2014	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
2015	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
2016	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
2017-2021	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
2022-2026	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
2027-2031	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
2032-2036	<u>          </u>	<u>          </u>	<u>          </u>	<u>    --    </u>
 Total	 \$ <u>    --    </u>	 \$ <u>    --    </u>	 \$ <u>    --    </u>	 \$ <u>    --    </u>

SCHEDULE 4-A

**STATE OF LOUISIANA**  
**Louisiana State Board of Medical Examiners**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For the Year Ended December 31, 2011**

**NOT APPLICABLE**

<b>Fiscal Year <u>Ending:</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2012	\$ _____	\$ _____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
2032-2036	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	<b>\$ _____ --</b>



**STATE OF LOUISIANA**  
**Louisiana State Board of Medical Examiners**  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
**For The Year Ended December 31, 2011**

**NOT APPLICABLE**

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ _____	\$ _____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
<b>Total</b>	<b>\$ -- _____</b>	<b>\$ -- _____</b>

**\*Note: Principal outstanding (bond series plus/minus unamortized costs) at 6/30/11 should agree to bonds payable on the Statement of Net Assets.**

**SCHEDULE 4-C**

STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION

NON-GAAP BASIS  
DECEMBER 31, 2011  
NOT APPLICABLE

Financial Statement	Adjustments	ISIS Appropriation Report-08/16/11	Revised Budget	Variance Positive/(Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$	\$	\$	-
Federal Funds				-
Sales of Commodities and Services				-
Other				-
Total appropriated revenues	-	-	-	-
<b>Expenses:</b>				
Cost of goods sold	\$	\$	\$	-
Personal services				-
Travel				-
Operating Services				-
Supplies				-
Professional services				-
Other charges				-
Capital outlay				-
Interagency transfers				-
Debt service				-
Other:				
Bad debts				-
Depreciation				-
Compensated absences				-
Interest expense				-
Other (identify)				-
Total appropriated expenses	-	-	-	-
Excess (deficiency) of revenues over expenses (budget basis)	\$ -	\$ -	\$ -	\$ -

Note: Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature.  
SCHEDULE 5

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION  
NON-GAAP BASIS  
June 30, 2012**

**NOT APPLICABLE**

Excess (deficiency) of revenues over expenses (budget basis)	\$ _____
Reconciling items:	
Cash carryover	_____
Use of money and property (interest income)	_____
Depreciation	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
OPEB payable	_____
Other	_____

**Note: Schedule 5 is only applicable for entities whose budget is appropriated by the legislature.**

**STATE OF LOUISIANA**

**Louisiana State Board of Medical Examiners**

**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$3 million, explain the reason for the change.

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>6,906,214</u>	\$ <u>7,058,900</u>	\$ <u>(152,686)</u>	<u>(2.20)%</u>
Expenses	<u>7,108,973</u>	<u>7,104,795</u>	<u>(4,178)</u>	<u>(0.06)%</u>
2) Capital assets	<u>7,110,466</u>	<u>2,984,465</u>	<u>4,126,001</u>	<u>138.25%</u>
Long-term debt	<u>2,908,132</u>	<u>2,605,674</u>	<u>302,458</u>	<u>11.61%</u>
Net Assets	<u>5,636,467</u>	<u>5,839,226</u>	<u>(202,759)</u>	<u>(3.47)%</u>

Explanation for  
change:

Capital assets increased by \$ 4,126,001 due to building improvements.  
The renovation was completed in August 2011.

**SCHEDULE 16 – COOPERATIVE ENDEAVORS  
FOR THE YEAR ENDED JUNE 30, 2012**

**AGENCY NUMBER:**

**AGENCY NAME**

**NOT APPLICABLE**

[illegible]

**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal controls required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

June 28, 2012

To the Board of Directors  
Louisiana State Board of Medical Examiners  
Department of Health and Hospitals  
State of Louisiana

We have audited the financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Louisiana State Board of Medical Examiners' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Medical Examiners' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Medical Examiners' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana State Board of Medical Examiners' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Louisiana State Board of Medical Examiners and its management and Legislative Auditor's Office and is not intended to be, and should not be, anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA



## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

We have audited the financial statements of the business-type activities and each major fund of Louisiana State Board of Medical Examiners as of and for the year ended December 31, 2011, which collectively comprise the Board's financial statements as listed in the table of contents and have issued our report thereon dated June 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Auditing Guide. Our audit of the basic financial statements as of December 31, 2011, resulted in an unqualified opinion.

### **Section I. Summary of Auditor's Reports**

#### **a. Report on Internal Control and Compliance Material to the Financial Statements**

##### *Internal Control.*

Material Weakness \_\_\_ Yes X No Significant Deficiency \_\_\_ Yes X No

##### *Compliance:*

Compliance Material to Financial Statements \_\_\_ Yes X No

#### **b. Federal awards – the Board received no federal awards for the year ended December 31, 2011.**

### **Section II. Financial Statement Findings**

Not applicable.

### **Section III. Federal Award Findings and Questioned Costs:**

The Board received no federal awards for the year ended December 31, 2011.

### **Section IV. Management Letter:**

A management letter was not issued with this report.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Section I. Summary of Auditor's Reports**

**b. Report on Internal Control and Compliance Material to the Financial Statements**

*Internal Control.*

Material Weakness \_\_\_ Yes X No    Significant Deficiency \_\_\_ Yes X No

*Compliance:*

Compliance Material to Financial Statements \_\_\_ Yes X No

**b. Federal awards – the Board received no federal awards for the year ended December 31, 2010.**

**Section II. Financial Statement Findings**

Not applicable.

**Section III. Federal Award Findings and Questioned Costs:**

The Board received no federal awards for the year ended December 31, 2010.

**Section IV. Management Letter:**

A management letter was not issued with this report.

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Section I - Internal Control and Compliance Material to the Financial Statements:**

Not applicable.

**Section II – Internal Control and Compliance Material to Federal Awards:**

There were no federal awards.

**Section III – Management Letter:**

There was no management letter issued for the year ended December 31, 2011.